GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:427
ANSWERED ON:19.02.2009
NEW INVESTMENT POLICY FOR FERTILIZER SECTOR
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the response of the investors to the new investment policy in fertilizer sector announced by the Government in the recent past;

(b) whether the cost of urea has not been revised by the Government since 2002;

(c) if so,the cost of production of urea in year 2008 as compared to the cost in the year 2002;

(d) whether the profit margin of manufacturers of urea has come down since 2002; and

(e) if so, the measures taken/propose to be taken by the Government to safeyuard the interests of the manufacturing sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF THE STATE IN THE MINISTRY OF MINES (SHRI B.K. HANDIQUE)

(a) The fertilizer industry has responded positively towards the new investment policy.The existing fertilizer companies have initiated revamp of their existing units viz Chambai Fertilizers,KRIBHCO,Tata Chemicals Limited,NFL,RCF etc.Further,some of these companies have also expressed their interest towards expansion of their existing plants subject to assured availability of gas viz. IFFCO, Kaloi, KRIBHCO Hazira,RCF Thai and CFCL Gadepan.

(b) The Government has not increased the MRP of urea since 2002.The MRP of urea is Rs.4830/-MT since 28.2.2002.For a brief period between February 28,2003 to March 11,2003 the same was Rs. 5070/MT of urea.

(c) The concession rate of urea for each unit is different based on feedstock/fuel, vintage, conversion cost etc.Irrespective of the concession rate the urea is sold at retail outlets at MRP of Rs.4830/-MT of urea.The weighted average concession rate for all urea producing units during 2002-03 and 2007-08 is given below:-

	2002-03 (Rs./PMT)	2007-08 Rs./PMT
Weighted average Concession rate including Sales Tax on inputs.	8558	11651
Weighted average freight	467	611
Total	9025	12262

(d) No. Sir,

(e) In view of (d) above, question does not arise.